

Revised December 27, 2011

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Holman Post Office
Holman, New Mexico 87723

Docket No. A2012-18

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(December 23, 2011)

On October 18, 2011, the Postal Regulatory Commission (Commission) received an appeal postmarked October 5, 2011, from postal customer Alex Medina (Petitioner) objecting to the discontinuance of the Post Office at Holman, New Mexico. On October 24, 2011, the Commission issued Order No. 922, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). In accordance with Order No. 922, the administrative record was filed with the Commission on November 2, 2011. The Commission received numerous written communications objecting to the discontinuance of the Holman Post Office from postal customers subsequent to Petitioner's appeal, including one from the Citizens of Holman, which was signed by two hundred and twenty-two customers. On December 20, 2011, the Postal Service filed a motion requesting an extension of time to file comments, which noted that the Postal Service intended to file these comments on or before December 23, 2011.

The appeal received by the Commission on October 18, 2011 from Petitioner and the objections received by various other members of the Holman community generally raise four main issues: (1) the effect on postal services, (2) the impact upon the Holman

community, (3) the calculation of economic savings expected to result from discontinuing the Holman Post Office, and (4) the impact on employees. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration. Accordingly, the determination to discontinue the Holman Post Office should be affirmed.

Background

The Final Determination To Close the Holman, NM Post Office and Establish Service by Highway Contract Route Service (FD), as well as the administrative record, indicate that the Holman Post Office provides EAS-11 level service to 156 Post Office Box customers or general delivery customers, no carrier delivery customers and retail customers 43 hours per week.¹ The postmaster of the Holman Post Office passed away on August 26, 2010, and a temporary officer-in-charge (OIC) was installed. Upon implementation of the final determination, the OIC, a non career postmaster relief may be separated from the Postal Service.² The average number of daily retail window transactions at the Holman Post Office is 56. Revenue has generally been low: \$26,880 (70 revenue units) in FY 2008; \$25,213 (66 revenue units) in FY 2009; and

¹ Final Determination to Close the Holman, NM Post Office and Establish Service by Highway Contract Route Service ("FD") at 2 (p. 543); Item No. 42, Post Office Closing Proposal Fact Sheet ("Fact Sheet") at 1 (p. 537). In these comments, specific items in the administrative record are referred to as "Item ____." Because of the size of the administrative record totaling 558 pages, the pages of such administrative record have been numbered in order at the bottom of each page, and such pages are indicated in parentheses in each footnote.

² FD at 2, 14 (pp. 543, 555); Fact Sheet at 1 (p. 537); Item No. 33, Proposal to Close the Holman, MO Post Office and Establish Service by Rural Route Service ("Proposal"), at 2, 10 (pp. 411, 419).

\$25,510 (67 revenue units) in FY 2010.³ The Holman Post Office has no meter or permit customers.⁴

Upon implementation of the final determination, delivery and retail services will be provided by rural route delivery to Centralized Box Units (CBUs)⁵ administered by the Las Vegas Post Office, an EAS-21 level office located approximately thirty-seven miles away, which has 2152 available Post Office Boxes.⁶ Retail Service is also available at the Cleveland Post Office,⁷ an EAS-13 level office located approximately three miles from the Holman Post Office.⁸

The Postal Service followed the proper procedures which led to the posting of the FD.⁹ All issues raised by the customers of the Holman Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and FD, customers received notice through other means. Questionnaires were distributed to 161 delivery customers surrounding the Holman Post Office.¹⁰ Questionnaires were also available over the counter for retail customers at Holman.¹¹ A letter from the Manager, Post Office

³ FD, at 2 (p. 543); Fact Sheet, at 1 (p. 537); Proposal, at 2 (p. 411).

⁴ Fact Sheet at 1 (p. 537).

⁵ See generally, FD pp. 1-16 (pp. 542-557).

⁶ FD at 2 (p. 543); Fact Sheet, at 1 (p. 537); Proposal, at 2 (p. 411).

⁷ Petitioners note that they have no confidence that many of the nearby Post Offices will survive closings and note that the Chacon and Rainsville Post Offices are already in the review process. While the Chacon and Rainsville Post Offices are listed as part of the Retail Access Optimization Initiative, it is not clear that these locations ultimately will be closed. Moreover, the Mora and Cleveland Post Offices, which are located closest to Holman, are not under consideration for closure.

⁸ [Text Deleted] FD at 2 (p. 543).

⁹ FD cover sheets at 1-3 (pp. 529-31) (showing round date stamp postings for Holman, Cleveland and Las Vegas, NM Post Offices).

¹⁰ Customer Questionnaire Analysis, Item 23 at 1 (p. 352).

¹¹ FD at 2 (p. 543); Questionnaire Instruction Letter from P.O. Review Coordinator to OIC/Postmaster at

Operations, Albuquerque, New Mexico was also made available to postal customers, which advised customers that the Postal Service was evaluating whether the continued operation of the Holman Post Office was warranted, and that effective and regular service could be provided. Such letter also announced and invited customers to a meeting at the Holman Post Office, which was held on April 19, 2011.¹² The letter invited customers to complete and return a customer questionnaire and to express their opinions about the service they were receiving and the effects of a possible change involving highway contract route delivery.¹³ The returned customer questionnaires and Postal Service response letters appear in the administrative record.¹⁴ An analysis of these response letters was performed.¹⁵ Representatives from the Postal Service were available at the Holman Post Office for a community meeting on April 19, 2011, to answer questions and provide information to customers.¹⁶ In addition, the Postal Service conducted a second community meeting on July 20, 2011.¹⁷ Customers also received formal notice of the Proposal and potential FD through postings at the Holman Post Office and nearby facilities. The Proposal was posted with an invitation for public comment at the Holman, Cleveland, and Las Vegas Post Offices from May 9, 2011 to July 10, 2011.¹⁸ The FD was posted at the Holman, Cleveland, and Las Vegas Post

Holman Post Office (p. 31).

¹² Letter from Yasmin Montano, Manager, Post Office Operations, Albuquerque, NM Item 21 at 1 (p. 32).

¹³ Item 21 at 1-6 (pp. 32-37).

¹⁴ Customer Questionnaires returned or collected (pp. 38-351).

¹⁵ Postal Service Customer Questionnaire Analysis, Item 23 at 1-8 (pp. 352-59).

¹⁶ FD at 2 (p. 543); Item No. 21, Letter to Customer, at 1 (p. 32); Item No. 24, Community Meeting Roster at 1-5 (pp. 360-64); Item No. 25, Community Meeting Analysis at 1-3 (pp. 365-67); Proposal, at 2 (p. 411).

¹⁷ See presentation for second meeting (pp. 368-73).

¹⁸ Items 32 and 36, Invitations for comments(pp. 409, 427); also see round date stamp cover sheets and

Offices starting on September 28, 2011, as confirmed by the round-dated FD cover sheets that appear in the administrative record.¹⁹

In light of the postmaster vacancy, minimal workload, low office revenue,²⁰ the variety of delivery and retail options (including the convenience of contract route delivery to CBUs and retail service),²¹ very little recent growth in the area,²² minimal impact upon the community, and the expected financial savings,²³ the Postal Service issued the FD.²⁴ Regular and effective postal services will continue to be provided to the Holman community in a cost-effective manner upon implementation of the final determination.²⁵ Each of the issues raised by the Petitioner is addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the Holman Post Office on postal services provided to Holman customers. The closing is premised upon providing regular and effective postal services to Holman customers.

The Petitioners raise the issue of the effect on postal services as a result of the Holman Post Office's closing noting the convenience of the Holman Post Office and

invitations (pp. 422-27)

¹⁹ FD cover sheets at 1-3 (pp. 529-31) (showing round date stamp postings for Holman, Cleveland and Las Vegas, NM Post Offices). This discontinuance action was processed under former Handbook PO-101.

²⁰ See FD generally at 1-16 (pp. 542-57).

²¹ FD at 13 (p. 554); Proposal, at 10 (p. 419).

²² Community Survey Sheet at 1 (p. 26).

²³ FD at 14-15 (pp. 555-56); Proposal at 10 (p. 419).

²⁴ FD at 1-16 (pp. 542-57).

²⁵ FD at 13 (p. 554).

requesting its retention. They express particular concern about the effect the closing will have on Holman's senior citizens, the disabled and economically disadvantaged residents. These concerns were considered by the Postal Service. In particular, the Postal Service explained that customers will continue to receive regular and effective postal services.²⁶ With regard to senior citizens, the Postal Service explained that services provided at the Holman Post Office will be available through the Contract Route Service to CBUs, and noted the benefits of the carrier providing delivery and retail services to CBUs.²⁷

Petitioners also question the ability to send and or receive packages at CBUs. The effect of the closing of the Holman Post Office on the shipping of packages was also given extensive consideration.²⁸ Upon the implementation of the Final Determination, service to CBUs installed on the carrier's line of travel allow for safe, secure access to mail and mailing services 24 hours a day.²⁹ CBUs provide the security of individually locked mail compartments and are constructed to withstand vandalism, which was a specific concern voiced by individuals from the Holman community.³⁰ Parcel lockers provide convenient parcel delivery for customers.³¹ Contract Route Service provides the customers of Holman with the ability to perform most transactions

²⁶ FD at 13 (p. 554); Proposal at 8 (p. 417).

²⁷ FD at 6 (p. 547); Proposal at 6-7 (pp. 415-16).

²⁸ FD at 6 (p. 547); Proposal at 3 (p. 415).

²⁹ FD at 6 (p. 547).

³⁰ FD at 6 (p. 547); Proposal at 3-4 (pp. 412-13).

³¹ FD at 13 (p. 554); Proposal at 8 (p. 417).

currently available at the Holman Post Office.³² Through Stamps by Mail and Money Order Application forms, most transactions do not require customers to meet the carrier at the mailbox.³³ Various options exist for the shipping of packages, which are explained on www.usps.com. If internet access is available, the Postal Service's Click-N-Ship service enables customers to print shipping labels with postage for Express Mail and Priority Mail. Carrier pickup is available, which allows for scheduling the pickup of packages at the same time the carrier delivers the mail.³⁴ In the regular course of business, parcels and other mail can also be picked up from a delivery receptacle when visited by a non-city or city carrier.³⁵ Petitioners specifically note that many in the community do not have computer access, which will result in an inability to receive services. Of course, services are also available for those customers who do not have computers. Stamps by Mail and Money Order Application forms are also available for customer convenience, and stamps are also available at many stores and gas stations, or by calling 1-800-STAMP-24.³⁶ Customers can also request special services, such as certified, registered, or Express Mail, Delivery Confirmation, Signature Confirmation, and COD from the carrier.³⁷ In addition, the Postal Service explained that the

³² FD at 13 (p. 554).

³³ FD at 4-5 (pp. 545-46).

³⁴ FD at 11 (p. 552).

³⁵ In accordance with aviation security requirements, postage must be paid on parcels over 13 ounces so as to confirm the sender as the recipient of mail at that receptacle.

³⁶ FD at 11 (p. 552); Letter to Customers, Item 21 at 4-5 (pp. 35-36).

³⁷ FD at 11 (p. 552); Letter to Customers, Item 21 at 4-5 (pp. 35-36).

Cleveland, Mora and Las Vegas Post Offices can provide answers to questions about possible options for the shipping of packages from a Holman address.³⁸

Petitioners also question the carrier's workload and the time of delivery on the rural route. Specifically, Petitioners question whether the Postal Service estimates concerning the ability of the contract carrier to provide services are realistic and voiced concerns regarding the timing of deliveries, particularly in times of inclement weather. The record explains, however, that the Postal Service considered these concerns. The Postal Service noted that bad weather and poor road conditions can cause deviations from the normally consistent delivery schedule; however, the assigned carrier is required to maintain equipment for such instances to ensure that deliveries are made reliably. In this regard, the record notes that carriers strive to provide service at approximately the same time on a daily basis, and that non-city carriers are required to serve the route expeditiously and arrive at boxes at about the same time each day.³⁹

Petitioners also express concern about obstruction of mailboxes in the wintertime due to accumulation of snow. The Postal Service notes that safety of customer access is routinely considered in relation to CBU placement. Specifically, Postal Operations Manual § 631.441 provides that: "CBUs may be approved for use at one or more central delivery points in a residential housing community. The local postal manager must approve the mailbox sites and type of equipment. Boxes must be safely located so that customers are not required to travel an unreasonable distance to obtain their mail."

³⁸ FD at 2, 7-8 (pp. 543, 548-49); Item No. 23, Postal Customer Questionnaire Analysis, at 3 (p. 354) (discussing the assistance that can be provided by Mora and Cleveland Post Offices).

³⁹ FD at 3, 7-8 (pp. 544, 548-49).

Indeed, the record indicates CBUs will be erected in a safe and convenient place in Holman.⁴⁰

Petitioners also charge that the Postal Service's sole basis for targeting the Holman Post Office was the Postmaster vacancy, which occurred as a result of the Postmaster passing away on August 26, 2010. Under regulations in Handbook PO-101 in effect at the time the discontinuance was commenced, it was common to initiate a study when the postmaster position became vacant.⁴¹ However, the triggers for commencing a discontinuance study are quite distinct from the bases supporting a final determination, as the one in this instance itself confirms. The Postal Service further notes that changes made to Handbook PO-101 effective July 14, 2011, promote consistency of decision-making by allowing for the identification of candidate facilities for study based on factors such as workload, customer demand, and availability of alternatives.

The Postal Service has considered the impact of closing the Holman Post Office upon the provision of postal services to Holman customers. Highway Contract Route service to CBUs installed on the carrier's line of travel provides similar access to retail service, thereby alleviating the need to travel to a retail Post Office location for most transactions.⁴² Thus, the Postal Service has properly concluded that all Holman customers will continue to receive regular and effective service via rural route delivery to CBUs installed on the carrier's line of travel.

⁴⁰ FD at 9 (p. 550).

⁴¹ See former Handbook PO-101 § 213.

⁴² FD at 13 (p. 554).

Effect upon the Holman Community

The Postal Service is obligated to consider the effect of its decision to close the Holman Post Office upon the Holman community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to close or consolidate a Post Office.

Holman is an unincorporated community located in Mora County.⁴³ The community is administered politically by the Mora County Commission, police protection is afforded by the Mora County Sheriffs Department, and Fire Protection is provided by the CHET volunteer Fire Department. The community is comprised of retired persons, self-employed individuals and those who commute to work at nearby communities and local businesses.⁴⁴

The Petitioners raise the issue of the effect of the closing of the Holman Post Office upon the Holman community. This issue was extensively considered by the Postal Service, as reflected in the administrative record.⁴⁵ The Postal Service explained that a community's identity derives from the interest and vitality of its residents and their use of its name.⁴⁶ Communities generally require regular and effective postal services and these will continue to be provided to the Holman community. Despite no indication

⁴³ FD at 13 (p. 554); Proposal at 8 (p. 417).

⁴⁴ FD at 13 (p. 554); Proposal at 8 (p. 417).

⁴⁵ FD at 14 (p. 555).

⁴⁶ FD at 6 (p. 376) (noting that the community will retain Post Office name and ZIP code).

of growth in Holman, carrier service is expected to be able to handle any future growth in the community, and there is no indication that the business community of Holman will be affected adversely.⁴⁷

Petitioners noted that the Post Office is a gathering place for the community, and that many of Holman's citizens rely on the bulletin board located at the Holman Post Office. The record clearly indicates that the Postal Service considered these facts, noting that alternative places exist to house the town's bulletin board, and that residents could meet informally in other locations such as businesses, churches and residences within Holman.⁴⁸

In addition, the Postal Service has concluded that nonpostal services provided by the Holman Post Office can be provided by the Las Vegas Post Office. In addition, government forms usually provided by the Post Office are also available by contacting local government agencies.⁴⁹

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the Holman Post Office on the community.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal

⁴⁷ It should be noted that the record indicates that there are some businesses located in Holman; however, many customers noted that there are no businesses in Holman, and that they travel to other cities for services, FD at 13 (p. 554).

⁴⁸ FD at 13-14 (pp. 554-55).

⁴⁹ FD at 13 (p. 554).

Service estimates that Contract Route service would cost the Postal Service substantially less than maintaining the Holman Post Office and would still provide regular and effective service.⁵⁰ The estimated annual savings associated with discontinuing the Holman Post Office are \$39,398 with a one-time charge of approximately \$10,000.⁵¹

Petitioners suggest that the Postal Service has not fairly assessed the savings in this instance, and suggest that alternatives exist, that if implemented, could make the Holman Post Office profitable. Most noticeable in this suggested tack, is the reduction of hours and implementation of a part-time Post Office. The Postal Service has broad experience with similar options.⁵² However, in this case, it has determined that carrier service, coupled with service at the nearby Cleveland Post Office, is a more cost-effective yet sufficient solution than maintaining the Holman postal facility and career position. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations.

Petitioners also claim that the economic savings calculation does not account for loss of revenue from P.O. Boxes and other revenue generated from Holman residences' use of mailing services. However, revenue from P.O. Box service is a relatively small proportion of an office's total revenue, hence the impact of any such conversions would

⁵⁰ See generally, FD 14-15 (pp. 355-56); Proposal at 10 (p. 419); Letter to Customers Item 21 at 1 (p. 32).

⁵¹ FD 14-15 (pp. 355-56).

⁵² Indeed, rule changes effective December 1, 2011 may open the door to broader consideration of reducing hours in lieu of discontinuance.

be trivial in relation to total savings.⁵³ In any event, the Postal Service has no way of predicting whether customers will obtain P.O. Box service at nearby locations or select carrier delivery service; so calculations of revenue impacts from lost versus retained box fees, and costs of replacement service are inherently imprecise.

Petitioners challenge the FD on grounds that a small amount of savings will be achieved by discontinuing the Holman Post Office and other similar Post Offices nationwide asserting that the 6,000 offices the Postal Service seeks to close will merely save about \$250 million. The Postal Service must examine all opportunities to improve efficiency while maintaining effective and regular service. While the savings from any given initiative may seem small, these savings can make a difference when added together.

Petitioners contend that the figures for the Postmaster Salary and fringe benefits are unfairly included in light of an Officer in Charge having been at the Holman Post Office. They also maintain that the cost of replacement service is undervalued. With regard to employee costs, the economic savings calculation conducted as a part of a discontinuance study is forward-looking; that the Postal Service may have paid less in salary and benefits over the past years does not mean that it could count on those savings annually in the future. If the Holman Post Office closes, one career slot will be eliminated. If the Post Office is not discontinued, that slot would have been filled with a career employee, and the salary and benefits to be paid would be as shown for a

⁵³ See Docket No. N2011-1, USPS-T-1.

postmaster.⁵⁴ Thus, the cost of a career EAS-11 position was appropriate to use in the calculations, because that figure represents the cost of maintaining a permanent position, which would eventually be filled with a career employee if the Post Office were not discontinued. With respect to the carrier cost, the Postal Service estimated the cost of replacement service at \$7,381 to account for the delivery to an additional 156 boxes.⁵⁵

Petitioners challenge the FD on grounds that a small amount of savings that will be achieved by discontinuing the Holman Post Office. While the cost savings at issue here may seem insignificant to Petitioners, it is significant to the overall cost reduction focus of the Postal Service. The Postal Service is looking at all opportunities to operate efficiently and provide effective and regular service. While the savings from any given initiative may seem small, these savings can make a difference when added together.

Economic factors are one of several that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record, consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv).⁵⁶

The Postal Service determined that Highway Contract Route service is more cost-effective than maintaining the Holman postal facility and postmaster position.⁵⁷

⁵⁴ While the Commission has observed the recent practice of using OICs and PMRs, that practice does not reflect an alteration in the long term expectations that service will be provided by career employees. Employee organizations would generally agree.

⁵⁵ Item 15 at 2 (p. 25).

⁵⁶ FD at 14-15 (pp. 555-56); Proposal at 10 (p. 419).

⁵⁷ FD at 14-15 (pp. 555-56); Proposal at 10 (p. 419).

The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a closing, consistent with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Effect on Employees

As documented in the record, the impact on postal employees is minimal. The postmaster of the Holman Post Office passed away August 26, 2009, and a temporary officer-in-charge (OIC) was installed. Upon implementation of the final determination, the OIC, a non career postmaster relief may be separated from the Postal Service.⁵⁸ The record shows that no other employee would be affected by this closing.⁵⁹

Petitioners express concern for the workload of the Contract Route carrier, and question the ability to provide the additional services. The carrier's compensation is based, in part, on time and volume, and thus the carrier is compensated for the additional deliveries to the Holman community. Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees at the Holman Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the

⁵⁸ FD at 14 (p. 555); Fact Sheet at 1 (p. 29); Proposal at 10 (p. 419).

⁵⁹ FD at 14 (p. 555); Proposal at 10 (p. 419).

Holman Post Office on the provision of postal services and on the Holman community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Holman customers.⁶⁰ The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). The Postal Service's decision to close the Holman Post Office should, accordingly, be affirmed. The Postal Service respectfully requests that the determination to close the Holman Post Office be affirmed.

Respectfully submitted,
UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno
Chief Counsel, Global Business

William J. Trumpbour
Attorney

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 268-3928; Fax -4997

⁶⁰ FD at 13 (p. 554).

Revised December 27, 2011

william.j.trumpbour@usps.gov

December 23, 2011
